

MEMORANDUM



To: Honorable Mayor and City Council
Through: Charles Lawson, City Manager
From: Emma C. Karlen, Director of Financial Services
Subject: Proposed Revisions to the City's Purchasing Ordinance
Date: November 23, 2005

Background: The City's Purchasing Ordinance was last updated in 1995. At that time, the City Council approved staff's recommendations to utilize stockless warehousing for purchases under \$2,000, introduce the procurement card pilot program, and increase the petty cash account amount from \$20 to \$50. However, the City Council did not approve increasing the limit for purchases that require the Council's approval from \$10,000 to \$20,000. In fact, the City Council lowered that limit to \$5,000. Since then, there were some minor revisions made in 2003 relating to receipts of goods, inspection and purchase order procedures.

In conducting the fiscal year 2005 financial audit, the auditors reviewed the City's Purchasing procedures and practice as part of their internal control structure review and made several recommendations to the City. The auditors recommended that the City increase the Council's approval limit to an amount comparable with other similar-sized cities. They also recommended that the City bid out and establish blanket purchase orders for small and frequent purchases or services to obtain more favorable pricing. Staff agreed that by adopting these recommendations, Purchasing staff would be able to operate more effectively and efficiently, in view of the fact that half of the purchase orders that staff processed were under \$5,000. Staff has already initiated the bid and establishment of blanket purchases orders for small and frequent purchases. Revisions to the Purchasing Ordinance will require City Council's approval.

Discussion: The proposed Purchasing Ordinance contains two major changes:

- 1) It will increase the threshold limits for purchase order requirement from \$2,000 to \$5,000, informal bid requirement from \$2,000 to \$5,000, formal bid requirement from \$10,000 to \$20,000, and Council's approval requirement from \$5,000 to \$20,000. These limits are recommended based on a survey conducted by staff, comparing the City's purchasing thresholds with other neighboring cities. The survey is attached for your reference. Cost inflation in the last ten years has eroded purchasing power by at least 35%. The amount of goods and services that a department can purchase with a \$2,000 threshold limit is very limited. Currently, all purchases over \$2,000 must go through the Purchasing Division and be agendized for Council's approval if they are over \$5,000.
- 2) The passage of Senate Bill (SB) 1106 made comprehensive changes to the Public Contract Code, including mandated procurement requirements of recycled products for local governments. SB 1106 will become effective on January 1, 2006. In anticipation of the new requirements, staff added a "Recycled Product Procurement" section to the proposed purchasing ordinance which includes mandated purchase of recycled products and materials whenever these products, having equal fitness and quality to non-recycled products, are available at the same cost. The City's existing Purchasing Ordinance provides preference for recycled paper products with a 5% price differential. Staff recommends that the revised Purchasing Ordinance expand the price differential to 10% for all recycled products.

In addition to increasing the Purchasing threshold limits, staff strives to provide a better and more logical flow of the Purchasing Ordinance by revising the headings and organization of contents. Based on the advice of the City Attorney, it will be a lot cleaner to repeal the current ordinance and introduce the proposed ordinance in its entirety. Other changes between the current and proposed ordinances includes:

- 3) Section 2-1.03, Definitions: staff added several definitions to clarify the terminologies within the context of the Purchasing Ordinance. These definitions are Contract, Contract Modification, Contractor, Data, Electronic, Environmentally Preferable Products or Materials, General Services, Grant, Post-Consumer Material or Product, Professional Services, Public Agency, Public Notice, Recycled Product Preference, Requesting Department, Signature, Vendor, Writing or in Writing. Staff also deleted several definitions: Architect-Engineer and Land Surveying Services, Brand Name Specification, and Services as they are already defined elsewhere.
- 4) Section I-2-2.02, Division of Purchasing Responsibilities: staff expanded the responsibilities of the Purchasing Division to include on going training and support to City departments for purchases that are under the bidding threshold limits, administration of citywide purchases such as office supplies and paper products, maintenance of a central vendor database, and management of the Procurement Card Program.
- 5) Section 3, Procurement Authority – Methods and Procedures: staff combined Sections 4, 5 and part of Section 10 of the current ordinance under one section to make all the subsections flow more logically. In addition, as noted above, this section increases the threshold limits for requirements of informal bid, formal bid and Council's approval. This section also provides authority to the Purchasing Agent to modify contracts awarded by the City Council under limited circumstances and amounts.
- 6) Section 3.15, Recycled Product Procurement: staff added this subsection to comply with the mandated procurement requirements of recycled products, as discussed above.
- 7) Section 4, Purchase Orders: this section increases the threshold limit for purchase order requirement from \$2,000 to \$5,000.
- 8) Section 8, Disposal of City Property: this section changes the heading and description from "Disposal of Personal Property" to "Disposal of City Property" to make the ordinance more applicable. In addition, this section also increases the authority of the Purchasing Agent to dispose of City properties from a limit of \$500 limit to a limit of 1,000.
- 9) Section 10, Ethics in Public Purchasing: this section was added to clarify public contracting principles.
- 10) Section 11 Severability: this section was added to state that invalidity of any provisions of the Ordinance should not affect other provisions.

Other sections of the proposed Purchasing Ordinance follow very closely to the current ordinance. It should be noted neither the current nor proposed ordinance is applicable to public projects as those projects are governed separately by provisions of the California Public Contract Code.

The Finance Subcommittee had reviewed and approved the revisions on Nov. 2, 2005 and recommended the proposed Purchasing Ordinance to the City Council for adoption.

Ordinance No. 23.10

Chapter 2

Purchasing*

Sections:

- I-2-1 Purpose and Application**
- I-2-2 Division of Purchasing**
- I-2-3 Procurement Authority – Methods and Procedures**
- I-2-4 Purchase Orders**
- I-2-5 Receipt of Goods**
- I-2-6 Inspection**
- I-2-7 Storing of Materials**
- I-2-8 Disposal of City Property**
- I-2-9 Claims**
- I-2-10 Ethics in Public Purchasing**
- I-2-11 Severability**
- I-2-12 Exclusions from Chapter**

* This ordinance replaces all prior ordinances 23.1, 23.2, 23.3, 23.4, 23.5, 23.6, 23.7, 23.8, and 23.9.

Section 1 Purpose and Application: Definitions

I-2-1.01 Purpose

The purpose of this Purchasing Ordinance is to maximize the purchasing value of public funds in procurement, and to provide safeguards for maintaining a procurement system of quality and integrity.

I-2-1.02 Application

Except as otherwise provided herein, this Chapter applies to contracts for the procurement of supplies and services, entered into by the City. When the procurement involves the expenditure of federal assistance, contract, or grant funds, the procurement shall be conducted in accordance with mandatory applicable federal law and regulations. Nothing in this Chapter shall prevent any public agency from complying with the terms and conditions of any grant, gift or bequest that is otherwise consistent with law.

I-2-1.03 Definitions

The words defined in this section shall have the meanings set forth below whenever they appear in the Purchasing Ordinance, unless the context in which they are used clearly requires a different meaning; or, a different definition is prescribed for a particular section or provision.

1. **BRAND NAME OR EQUAL SPECIFICATION.** A specification limited to one or more items by manufacturers' names or catalogue numbers to describe the standard of quality, performance, and other salient characteristics needed to meet City requirements, and which provides for the submission of equivalent products.
2. **BUSINESS.** Any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or any other private legal entity.

3. **CITY.** The City of Milpitas.
4. **CONTRACT.** All types of City contracts or agreements, regardless of what they may be called, for the procurement of supplies and services or the disposal of surplus supplies.
5. **CONTRACT MODIFICATION.** Any written alteration in specifications, delivery point, rate of delivery, period of performance, price, quantity, or other provisions of any contract accomplished by mutual action of the parties to the contract.
6. **CONTRACTOR.** Any person having a contract with a governmental body.
7. **DATA.** Any recorded information, regardless of form or characteristic.
8. **ELECTRONIC.** Any electrical, digital, magnetic, optical, electromagnetic, or any other similar technology.
9. **ENVIRONMENTALLY PREFERABLE PRODUCTS OR MATERIALS.** Any products or materials contained in the products that have a reduced negative effect on human health and the environment when compared with competing products that serve the same purpose. This comparison may consider raw materials acquisition, production, manufacturing, packaging, distribution, reuse, operation, maintenance, or disposal of the product.
10. **GENERAL SERVICES.** The furnishing of goods and services by a vendor that does not typically require a license, certification or other professional criteria to perform the work. This includes services such as equipment maintenance, janitorial, printing, landscaping and refuse disposal. This term shall not include employment agreements or collective bargaining agreements.
11. **GRANT.** Any furnishing of funds by an outside agency or other organization to support a program authorized by law.
12. **INVITATION FOR BIDS.** All documents, whether attached or incorporated by reference, utilized for soliciting bids.
13. **PERSON.** Any business, individual, union, committee, club, other organization, or group of individuals.
14. **POST-CONSUMER MATERIAL OR PRODUCT.** Any material or finished product that has served its intended use and has been discarded for disposal or recovery, having completed its life as a consumer item, including any waste material and by-products which have been recovered or diverted from solid waste.
15. **PROCUREMENT.** The buying, purchasing, renting, leasing, or otherwise acquiring of any supplies or services. It also includes all functions that pertain to the obtaining of any supply or service, including description of requirements, selection, and solicitation of sources, preparation and award of contract, and contract administration.
16. **PROFESSIONAL SERVICES.** Those services, generally of an intangible nature that typically require a license, certification, and/or other professional criteria to perform the work as defined by the laws of the State of California including but limited to Architect, Engineer, Land Surveyor, Attorney, Public Accountant.

17. **PUBLIC AGENCY.** A public agency is defined as any school district, city, state, federal agency, U.S. Communities program or other non-profit association or group consisting of governmental entities.
18. **PUBLIC NOTICE.** The distribution or dissemination of information to interested parties using methods that are reasonably available. Such methods shall often include, but are not limited to, publication in newspapers of general circulation, posting in public places, electronic or paper notices to prospective bidders, and posting on web pages designated by the City for that purpose.
19. **RECYCLED PRODUCT PREFERENCE.** A price preference, equal to 10% of the lowest cost bid, given to bidders offering recycled products over those offering non-recycled products.
20. **REQUESTING DEPARTMENT.** Any organizational unit of the City of Milpitas that utilizes any supplies or services procured under this Ordinance.
21. **SIGNATURE.** Shall be defined as a manual signature affixed in ink. A faxed signature is acceptable so long as it is followed up within ten (10) calendar days by the original document.
22. **SPECIFICATION.** Any description of the physical or functional characteristics or of the nature of a supply or service. It may include a description of any requirement for inspecting, testing, or preparing a supply or service for delivery.
23. **SUPPLIES.** All property (including but not limited to equipment and materials) except as otherwise provided herein.
24. **SURPLUS SUPPLIES.** Supplies which are worn out, obsolete or unsuitable for City use.
25. **VENDOR.** The terms bidder, supplier, offeror, contractor or vendor, may be used interchangeably and shall refer to the person, company, or corporation with whom the City of Milpitas purchases supplies or services from or enters into a contract with.
26. **WRITING OR IN WRITING.** The product of any method of forming characters on paper, or other materials, or viewable screens, which can be read, retrieved, and reproduced, including information that is electronically transmitted and stored.

Section 2 Division of Purchasing

I-2-2.01 Establishment

There is hereby established for the City a Division of Purchasing, headed by a Purchasing Agent, who shall report to the Director of the Financial Services Department.

I-2-2.02 Responsibilities

In accordance with this chapter the Purchasing Agent shall:

1. Procure or supervise the procurement of all supplies and services needed by the City, except as otherwise provided herein;
2. Exercise direct supervision over the City central stores and general supervision over all other inventories of supplies belonging to the City;

3. Sell, trade or otherwise dispose of surplus supplies belonging to the City;
4. Establish and maintain programs for specification development, contract administration and inspection and acceptance, in cooperation with the departments using the supplies and services.
5. Provide on going training and support to the City departments pertaining to procurement of supplies or services under \$5,000.
6. Execute and administer contracts with vendors for the purchase of citywide services and supplies such as paper, office supplies, janitorial services and office equipment.
7. Establish and maintain a central vendor database categorized by goods and services.
8. Provide management of the Procurement Card and Single Merchant Credit Card Programs.
9. Adopt operational procedures relating to the execution of any of the above duties and responsibilities.

I-2-2.03 Delegation

The Purchasing Agent may delegate authority to purchase supplies or services, and to dispose of surplus supplies, to other City officials if such delegation is deemed necessary for the effective procurement or disposal of those items.

Section 3 Procurement Authority - Methods and Procedures

I-2-3.01 Purchases of \$5,000 or Less.

Each Requesting Department has the authority to purchase supplies and services for \$5,000 or less. The Purchasing Agent shall be available to provide on going training and support for purchases at the \$5,000 or less dollar level.

I-2-3.02 Purchases Over \$5,000 and Less Than \$20,000.

The purchase of supplies and services in an amount over \$5,000 and less than \$20,000 may be made by the Purchasing Agent through competitive bid, using the following procedures.

1. Whenever possible, competitive bid in the open market shall be based on at least three quotations.
2. The Purchasing Agent may solicit quotations from prospective vendors both on and off the vendor database. Quotations must be written and may include facsimile and electronic mail.
3. The Purchasing Agent shall keep a record of all open-market orders and quotes for a period of one year after the submission of quotes or placing of orders.
4. The Purchasing Agent is authorized to award a contract for \$20,000 or less to the lowest responsive and responsible bidder.
5. If no responsive bid is received after soliciting quotations, the Purchasing Agent may proceed to purchase the supplies, hire or have services performed in the open market.

I-2-3.03 Purchases of \$20,000 or More.

3.03-1 Formal Bid Procedures. The purchase of supplies or services for \$20,000 or more *must be approved by the City Council*. The Purchasing Agent shall purchase supplies and services of a value of \$20,000 or more using the following formal sealed bid procedures.

- a.) An Invitation for Bids which includes a general description of the articles or general services to be purchased shall be given on at least one occasion five or more days prior to the date set for final receipt of bids. The Purchasing Agent may also solicit sealed bids from responsible prospective suppliers whose names are in the Vendor database.
- b.) Bidders shall submit sealed bids to the Purchasing Agent, and shall identify them as bids on the envelope. Bids shall be opened publicly at the time, date, and location indicated in the Invitation for Bid. A tabulation of all bids received shall be posted on the City's website for a period of not less than 30 calendar days after the bid opening.
- c.) The Purchasing Agent or City Council shall have the discretion to reject any and all bids presented, and readvertise for bids.
- d.) The bid shall be awarded to the lowest responsive and responsible bidder.
- e.) If no responsive bid is received after soliciting bids under this section, the Purchasing Agent may proceed to purchase the supplies, hire or have services performed in the open market.

3.03-2 Exceptions. The bidding procedures under Section 3.02 and 3.03 may be dispensed with:

- a.) In an emergency as defined in Section I-2-3.10;
- b.) Where it is determined that the supply or service is available from only one source, as defined in Section I-2-3.09, Sole Source Procurement. The basis upon which this determination is made shall be in writing;
- c.) Where supplies and services are purchased through a Piggyback arrangement pursuant to Section I-2-3.07 or a Cooperative purchasing arrangement pursuant to Section I-2-3.08.

3.03-3 Split Orders. It is a violation of the ordinance to divide the purchase of supplies or general services in the amount of \$20,000 or more into smaller orders for the purpose of evading the competitive bidding requirements of this section.

I-2-3.04 Competitive Bids

Where competitive bids are required, they shall be submitted in writing in a sealed envelope at the office of the Purchasing Agent no later than the final time and date for the receipt of bids as set forth in the Invitation for Bid and opened publicly. Where competitive bids are required, the purchase or disposal shall be made on the basis of three or more of said bids, unless the Purchasing Agent shall certify in writing that less than three prospective vendors or purchasers have submitted bids or that, to the best of the Agent's knowledge, there are less than three prospective vendors from whom the supplies or services are available and that bids were invited from all of said vendors. Any bid may be withdrawn by a written request signed by the bidder and received by the Purchasing Agent prior to the final time and date for the receipt of bids.

I-2-3.05 Competitive Bids (Notice)

For purchases under Section 3.03, Purchases of \$20,000 or More and 3.06, Request for Sealed Proposals (RFP), where notice is required, notice shall be given as follows:

1. Publishing notice in a newspaper of general circulation within the City on at least one occasion at least five days prior to the date set for the final receipt of bids. Provided that publication may be made in any newspaper of general circulation in Santa Clara County which the Purchasing Agent shall select if the publication schedule of all newspapers of general circulation in the City are such that notice by publication cannot be given in time.
2. Posting on the City of Milpitas website at least five days prior to the date set for the final receipt of bids.
3. Nothing in this subsection shall prohibit the City from notifying suppliers and contractors of solicitations by electronic means, and nothing in this subsection shall prohibit the City from notifying suppliers and contractors who are not in the City's Vendor Database.
4. The notice shall give such information as to the proposed purchase or disposal as the Purchasing Agent deems sufficient to comply with relevant State law, regulation or City ordinance.
5. The notice shall include a general description of the supplies or services to be purchased or City property to be disposed; date, time and place of bid opening; whether bonds will be required.

I-2-3.06 Request for Sealed Proposals (RFP)

3.06-1 The Purchasing Agent shall be authorized to utilize the request for sealed proposal method for purchase of supplies or services upon a determination by the Purchasing Agent that the use of competitive bidding is not practical or advantageous to the City because of one or more of the following considerations:

- a.) Price is not a primary consideration,
- b.) The ability of the bidder to perform the contract or provide the service promptly, or within the time specified, without delay or interference;
- c.) The character, integrity, reputation, judgment, experience, and efficiency of the bidder;
- d.) The quality of performance of previous contracts or services;
- e.) Quality, availability, or capability is overriding in relation to price in procurement of research, development, technical supplies or services,
- f.) Delivery and installation, post-sale service or maintenance, reliability, warranties or availability of replacements, are overriding in relation to price or need to be evaluated in relation to prices,
- g.) The sufficiency of the financial resources and ability of the bidder to perform the contract or provide the service;
- h.) The need to evaluate the utilization of a fixed price or cost-type contract,

- i.) The need to evaluate whether the market place will respond better to a solicitation permitting a range of alternative proposals or evaluation and discussions of them before entering the contract.
- j.) The number and scope of conditions attached to the Solicitation.

3.06-2 Receipt of Proposals. No proposals shall be handled so as to permit disclosure of the identity of any offeror or the contents of any proposal to competing offerors during the process of negotiation. A register of proposals shall be prepared containing the name of each offeror and a description sufficient to identify the item offered. The register of proposals shall be open for public inspection only after contract award.

3.06-3 Evaluation Factors. The request for proposals shall state evaluation factors, which shall be considered the primary basis for evaluating the proposals.

3.06-4 Discussion with Responsible Offerors and Revisions to Proposals. Discussions may be conducted with responsible offerors who submit proposals determined to be reasonably possible of being selected for award, for the purpose of clarification to assure full understanding of, and conformance to, the solicitation requirements. All offerors shall be accorded equal treatment. Revisions may be permitted after submissions and prior to award for the purpose of obtaining best and final offers. In conducting discussions, there shall be no disclosure of the identity of the bidder or any information contained in competing offers.

3.06-5 Award. Award shall be made to the responsible offeror whose proposal is determined in writing to be the most advantageous to the City, taking into consideration price and the evaluation factors set forth in the request for proposals.

3.06-6 Rejection. Without limitation to the applicability of any other provisions of this Chapter, the Purchasing Agent or City Council may reject any and all proposals.

I-2-3.07 Piggyback Procurement.

The Purchasing Agent may arrange for the City to enter into purchase contracts with a supplier or contractor for the purchase of supplies or general services, the pricing and terms of which have been previously established by another public agency, provided that the Purchasing Agent determines that a "piggyback" purchase is in the City's best interest. The Purchasing Agent is required to determine and apply all of the following prior to entering the purchase:

1. There are no local suppliers or contractors who could provide the product or service at competitive rates;
2. A copy of the solicitation has been obtained from the originating agency and reviewed for compliance with the City's purchasing ordinance;
3. The specifications of the item or service required by the City are not materially different from those specified in the originating agency's solicitation;
4. The price of the purchase is lower than that estimated for the purchase if made directly by the City pursuant to this ordinance;
5. The contract resulting from the original solicitation is current or the solicitation is within two (2) years from the date of the City's order, or written justification is provided justifying use of an older solicitation;

6. No more than a 10% variation is allowed for customizing the order or for desirable options. In addition, a cost of living adjustment (using San Francisco-Oakland-San Jose Consumer Price Index – All Urban Consumers) can be added for up to two (2) years, and
7. The City enters into a separate contract with the vendor selected by the originating agency, and incorporates by reference the original solicitation, terms, conditions, and prices.

I-2-3.08 Cooperative Procurement

3.08-1 The Purchasing Agent may purchase supplies and general services without complying with the quotation or bidding requirements of this chapter, if such purchases are based on an agreement or cooperative purchasing program entered into by any of the following public agencies, regardless of whether the city is a named party to the agreement or an actual participant in such a program:

- a.) Any public agency situated within the state, if the underlying purchase was made using competitive negotiation, or bidding procedures at least as restrictive as the City's, including the California Multiple Award Schedules (CMAS), the U.S. Communities Government Purchasing Alliance or any California County contract;
- b.) The Federal GSA Contracts.

3.08-2 In all such cases, the supplies or general services purchased must be the same and be offered at the same price as the supplies and general services subject to the agreement or program.

I-2-3.09 Sole Source Procurement.

A contract may be awarded without competition when the Purchasing Agent determines in writing, after conducting a good faith review of available sources, that there is only one source for the required supply or service. The Purchasing Agent shall conduct negotiations, as appropriate, as to price, delivery, and terms. A written statement of the basis for the sole source determination shall be placed in the contract file.

I-2-3.10 Emergency Authority of Purchasing Agent

3.10-1 Precluding action by the City Council, the Purchasing Agent may authorize emergency purchases without observing the bidding procedures set forth in this chapter upon a finding that such purchases are required for the immediate preservation of the public health, safety, or welfare and that there is an immediate or imminent emergency. The Purchasing Agent may purchase supplies or services, even though the amount thereof may exceed Twenty Thousand Dollars (\$20,000.00), without competitive bids upon notice.

3.10-2 At the next succeeding City Council meeting, the Purchasing Agent shall submit to the City Council a written statement of the circumstances of such emergency, a description of the supplies or services purchased, and the prices thereof.

I-2-3.11 Authority to Modify Contracts Awarded by City Council

The Purchasing Agent is authorized to enter into and execute for and on behalf of the City, without the prior approval of the City Council, any amendment or change order to a supply or general service contract previously approved by the Council within the following guidelines.

1. To extend the term of the contract, at the recommendation of the Requesting Department, for a period not to exceed six (6) consecutive months from the last Council-approved expiration date; or
2. To make minor revisions to the scope of services or schedule; or
3. To make clerical corrections;
4. The Purchasing Agent may also approve and sign assignments of contracts previously approved by the City Council when he or she has determined that the proposed assignee has the ability, capacity, experience and skill and is otherwise qualified to perform the contract.

All modifications to contracts, including but not limited to, changes to the scope of the work, quantity of goods, price or term shall be made in writing and approved by the Requesting Department. Amendments or change orders are permitted only if the modification would not cause the contract to exceed the monetary limits defined below.

Contract Amount	Individual Change Order Authority	Cumulative Change Order Authority
Under \$50,000	10% of Award or \$5,000 whichever is less	15% of Award or \$7,500 whichever is less
Over \$50,000	10% of Award or \$10,000 whichever is less	15% of Award or \$20,000 whichever is less

All contract changes must be reflected on the Purchase Order and/or contract amendment. All other changes outside the parameters defined in this section must be approved by the City Council.

5. This subsection does not apply to contracts for professional services.

I-2-3.12 Contracting for Consultants

3.12-1 The City Council finds and declares that the competitive bid process is ill suited for the selection of consultants. Consultants are required for professional or technical expertise and for matters requiring specialized abilities or a high degree of skill. Their numbers (in relation to a particular skill or expertise required) are comparatively limited. Where consultants are involved, the bidding process is not likely to result in a lower price to the City or eliminate unnecessary expense or delay.

3.12-2 The Requesting Department shall be empowered to engage a consultant (including, but not limited to, material testing services and construction inspection services) without the necessity of competitive bidding or notice thereof:

- a.) Without City Council approval if the consultant's total fee for materials and services under the contract by which the consultant is engaged does not exceed Twenty Thousand Dollars.
- b.) With City Council approval if the consultant's total fee for materials and services under the contract by which the consultant is engaged exceeds Twenty Thousand Dollars.

3.12-3 Architects, Engineers and Land Surveyors. In addition to the provisions of paragraphs 3.12-1 and 3.12-2 of this subsection, the following requirements shall be applicable to the selection of architects, engineers and land surveyors.

- a.) The Requesting Department or Division Head shall negotiate a contract with the best-qualified firm for architectural, engineering and land-surveying services at compensation which the Purchasing Agent determines is fair and reasonable to the City.
- b.) Should the Requesting Department or Division Head be unable to negotiate a satisfactory contract with the firm considered to be the most qualified, at a price determined to be fair and reasonable, negotiations with that firm shall be formally terminated. The Requesting Department or Division Head shall then undertake negotiations with the second most qualified firm. Failing accord with the second most qualified firm, the Requesting Department or Division Head shall formally terminate negotiations. The Requesting Department or Division Head shall then undertake negotiations with the third most qualified firm.
- c.) Should the Requesting Department or Division Head be unable to negotiate a satisfactory contract with any of the selected firms, the Requesting Department or Division Head shall select additional firms in order of their competence and qualification, and continue negotiation until an agreement is reached.

I-2-3.13 Standardization.

13-1 Where the Purchasing Agent has determined that it is required for the health, safety or welfare of the people or employees of the city, or that significant cost savings have been demonstrated, standardization of supplies, materials or equipment, including information and communication technology, for purchase or to be used in a public works project shall be considered. The specifications may stipulate a single brand or trade name. Among the factors that may be considered in determining to standardize on a single brand or trade name are that:

- a.) Repair or maintenance costs would be minimized;
- b.) Training of user and/or repair and maintenance personnel would be simplified;
- c.) Supplies or spare parts would be readily available;
- d.) Modifications to existing equipment would not be necessary;
- e.) Matching existing supplies, materials or equipment is required for proper operation of a particular piece of equipment or City program.

3.13-2 Available Competition. When there is more than one source for the standardized supply or service, competitive bidding in accordance with Sections I-2-3.02 Purchases of over \$5,000 and less than \$20,000 and I-2-3.03 Purchases of more than \$20,000 is required.

3.13-3 Approval. The City Council has the final authority to approve standardization of supplies or services based on the recommendation of staff.

I-2-3.14 Preference Given to Bidder Within the City When Bids Are Equal

A bidder with a permanent place of business within the City shall be preferred over a bidder without a permanent place of business within the City, in cases where two or more bids are judged to be equal on the basis of price, quality and service.

I-2-3.15 Recycled Product Procurement

3.15-1 The City of Milpitas is committed to the conservation and protection of state and local resources; therefore bidders able to supply recycled products and products containing recycled and environmentally preferable materials that meet performance requirements are encouraged to offer them in bids and proposals. The Purchasing Agent shall purchase recycled products whenever they are available at the same total cost and the fitness and quality are equal to that of nonrecycled products

- a.) The City shall require all businesses doing business with the City to certify in writing the minimum, if not exact, percentage of postconsumer materials in the products or supplies offered or sold to the City. All contract provisions impeding the consideration of recycled products shall be deleted in favor of performance standards.
- b.) With respect to printer or duplication cartridges, a certification from the vendor is required to specify that the cartridges are remanufactured and are in compliance with the requirements of Section 12156 (e) of the Public Contract Code.
- c.) The City shall require contractors and consultants to use environmentally preferable products, and use products manufactured with the maximum practicable amount of post-consumer material, whenever cost effective and to the extent practicable.
- d.) The City shall ensure that they and their contractors use recycled paper in printed material that bears an imprint identifying the recycled content of the paper, whenever practicable.
- e.) The City shall ensure that they and their contractors use both sides of paper sheets whenever practicable.
- f.) To the extent possible, the recycled product preference cost shall apply to the bids where the City has made multiple awards, so as to maximize the dollar participation of firms offering recycled products.
- g.) All printing contracts made by the City shall specify that the paper used shall meet the recycled content requirement of 30% postconsumer fiber as specified in Section 12209 of the Public Contract Code.
- h.) The City may specify recycled content at levels higher than the minimum content standards.

3.15-2 The purchasing agent shall:

- a.) Maintain a list of designated recycled products that contain the maximum practicable amount of recovered material and are consistent with State and Federal guidelines and shall coordinate with all departments to purchase environmentally preferable products whenever practicable.
- b.) Provide to the suppliers of recycled products a preference of 10% (percent) of the lowest bid or price quoted by suppliers of non-recycled products, whenever practicable.
- c.) Inform departments of processes and procedures that are environmentally preferable in order to facilitate their evaluation and use by the Departments whenever practicable.

- d.) Monitor contracting procedures to ensure that they do not discriminate against recycled products without justification, and that they maximize the specification of designated recycled products whenever practicable.

I-2-3.16 Brand Names or Equal Specification

3.16-1 Use. Brand name or equal specifications may be used when the purchasing agent determines that:

- a.) No other design or performance specification or qualified products list is available;
- b.) Time does not permit the preparation of another form of purchase description, not including a brand name specification;
- c.) The nature of the product or the nature of the City's requirements makes use of a brand name or equal specification suitable for the procurement; or
- d.) Use of a brand name or equal specification is in the City's best interests.

3.16-2 Designation of Brand Names.

- a.) Brand name or equal specifications shall state that substantially equivalent products to those designated will be considered for award.
- b.) Where a brand name or equal specification is used in a solicitation, the solicitation shall contain explanatory language that the use of a brand name is for the purpose of describing the standard of quality, performance and characteristics desired and is not intended to limit or restrict competition.

I-2-3.17 Waiver of Informalities: Rejection of Bids

Where the Purchasing Agent or City Council are required to make purchases upon competitive bids, said Purchasing Agent or City Council may waive any informalities or minor irregularities or may reject any and all bids (anything herein contained to the contrary notwithstanding) if said Purchasing Agent or City Council deems said rejection to be in the best interests of the City. Said rejection shall be at the sole discretion of the Purchasing Agent or City Council, as the case may be. Upon rejection of bids, the Purchasing Agent or the City Council, as the case may be, may:

1. Give subsequent notice for new competitive bids, or
2. Postpone said purchase or disposal definitely or indefinitely, or
3. Elect to make the purchase without competitive bids, upon notice (and as if competitive bids, upon notice, had not been required in the first instance) in accordance with the authority granted by the various subsections of Section 3.

I-2-3.18 Bonds

When deemed necessary by the Purchasing Agent or City Attorney, any person entering into a contract with the City may be required to furnish bid, labor and materials, and/or performance bonds for supply or service contracts as required by law or as deemed advisable to protect the City's interests. All bond requirements shall be set forth in the solicitation. Bonds shall not be used as a substitute for a determination of a bidder's responsibility. Said person (and his surety, if a bond is furnished) shall be liable for any damages upon said bidder's failure to faithfully perform the terms of his contract.

Section 4 Purchase Orders

I-2-4.01 Purchases Over \$5,000 Must Be in Writing

No award for supplies or services or the disposal of City property where the total expenditure or value is over Five Thousand Dollars (\$5,000) shall be deemed to be an acceptance of any offer or bid unless and until the same be reduced to writing and signed by the Purchasing Agent and dispatched to the vendor or purchaser. It is a violation of the ordinance to divide the purchase of supplies or general services or the disposal of City property in an amount over \$5,000 into smaller orders for the purpose of evading the purchase order requirements of this section.

I-2-4.02 Preparation of Purchase Orders

Upon ascertaining the price to be paid for supplies or services, the Purchasing Agent shall prepare a purchase order. The Purchasing Agent shall forward the original purchase order to the vendor, retaining one copy for his purchase order file. He shall likewise forward one copy of the purchase order to the requesting department to be used as a receiving report.

I-2-4.03 Sufficient Funds Must be Available

No purchase order shall be issued until it has been ascertained that there is to the credit of the requesting department a sufficient unencumbered appropriated balance in excess of all unpaid obligations to defray the amount of such order.

Section 5 Receipt of Goods

I-2-5.01 Department Head Responsible for Checking Quality

Upon receipt by any department of supplies or services, the department head or designee, shall be responsible for the making of a careful check of the quality, condition, and quantity received against a copy of the purchase order and the packing list when applicable.

I-2-5.02 Department Head Responsible for Checking Invoice

The department head or designee, upon receipt of a vendor's invoice, shall check the invoice for correctness of quantities, unit prices, price extensions, discounts, transportation, allowances, etc. When applicable, the department head or designee shall compare the same with the receiving copy of the purchase order and packing list. Approved invoices shall be forwarded to Accounts Payable for payment processing.

Section 6 Inspections

I-2-6.01 Department Head's Inspection

The department head or designee shall inspect, or cause to be inspected, all deliveries of supplies or services to determine their conformance to specifications. The department head or designee shall have the authority to require chemical, physical, or other tests of samples submitted with bids and samples of deliveries which are necessary to determine quality and conformance to the specifications. In the performance of such tests, the department head or designee shall have the authority to make use of laboratory facilities of any department of the City or any outside laboratory.

Section 7 Storing of Materials

I-2-7.01 Storerooms and Warehouses

The Purchasing Agent shall control and supervise any and all storerooms or warehouses of the City of Milpitas. The Purchasing Agent shall be responsible and accountable for all supplies in his custody and shall maintain a suitable inventory record thereof.

Section 8 Disposal of City Property

I-2-8.01 Disposal of \$1,000 or Less

Except as otherwise provided by State law or City ordinance, the Purchasing Agent shall be empowered to dispose of property of the City which cannot be used by any department of the City, at public or private sale or by renting or destroying the same, (all with or without notice, competitive bid or necessity of posting bid bonds, at the Purchasing Agent's discretion, and upon such terms as he deems best) provided any single item of property involved does not exceed One Thousand Dollars in current market value.

I-2-8.02 Deposit

The Purchasing Agent may, in his discretion, require that a deposit in the amount of the bid or any fraction thereof accompany each bid upon the disposal of City property.

I-2-8.03 Disposal of More Than \$1,000

In the event any single item of property exceeds One Thousand Dollars current market value, the City Council may, upon notice, empower the Purchasing Agent to dispose of it (in accordance with the same terms and conditions and subject to the same discretion and limitations as if it were One Thousand Dollars or less in value). Alternatively, the City Council may elect to sell, rent or destroy the same in accordance with whatever provision, terms and conditions the City Council may elect.

Section 9 Claims

I-2-9.01 Filing of Claims

Claims for loss, damage, breakage, shortage or otherwise, claims for refund, claims for adjustment, and claims for insurance or other indemnity shall be made promptly by the Purchasing Agent.

Section 10 Ethics in Public Purchasing

I-2-10.01 Every employee participating in the procurement, management, storage, and use of supplies or services purchased by the City for its benefit shall adhere to the following principles:

1. City employees shall not obligate the City, financially or otherwise, by any means, including but not limited to purchase orders and contracts, when the employee has a personal, material, financial, or other interest in the obligation.
2. City employees shall not accept any form of gratuities.
3. City employees may not accept discounts, sales, reduced prices, or other benefits offered for personal purchases by suppliers because of employee's relationship with the City.

Section 11 Severability

I-2-11.01 Severability.

If any provisions of this Ordinance or any application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or application of this Ordinance that can be given effect without the invalid provisions or application, and to this end the provisions of this Ordinance are declared to be severable.

Section 12 Exclusions from Chapter

I-2-12.01 Exclusions from chapter

The provisions of this Chapter shall not apply to items that typically cannot be bid or that the City Council has chosen to exclude from bidding. The following list is exemplary of these types of items and/or services, but is not intended to be all inclusive.

12.01-1 To public projects (separately governed by the provisions of the California Public Contract Code);

12.01-2 To franchises governed by the provisions of the California Public Utilities Code or other statute of the State of California;

12.01-3 Where State or Federal law requires a different procedure;

12.01-4 To franchises, rights, privileges, licenses and permits granted by the City of Milpitas (including, but not limited to, franchises, rights and privileges granted for refuse disposal under Title V, Chapter 200 of the Milpitas Municipal Code and the Cable Franchise under Title III, Chapter 22 of the Milpitas Municipal Code;

12.01-5 To the purchase of insurance;

12.01-6 To the purchase of art;

12.01-7 To the leasing, purchase or sale of land or any interest therein;

12.01-8 To the hiring of or contracting for personnel (whether as temporary, seasonal or permanent employees, agents or independent contractors);

12.01-9 To the purchase of utilities, including but not limited to telephone service, gas, electricity or water.

12.01-10 To the payments of debt service and bond indebtedness; arbitrage compliance; refunds of deposits; pass through of collections on behalf of other governmental agencies; budget approved memberships and dues; authorized Community Development Block Grants (CDBG); memorandum of understanding obligations; budget approved contributions to not for profit organizations; United States Postal Service postage; City Council approved recreation grants; employee travel expenses.

Chapter 2

PURCHASING*

Sections:

I-2-1	Purpose and Application: Definitions
I-2-2	Division of Purchases
I-2-3	Reserved
I-2-4	Basis of Award
I-2-5	Procedure
I-2-6	Purchase Orders
I-2-7	Receipt of Goods
I-2-8	Inspection
I-2-9	Storing of Materials
I-2-10	Disposal of Personal Property
I-2-11	Claims
I-2-12	Exclusions from Chapter

* Prior ordinance history: Ords. 23, 23.1, 23.2, 23.3 and 23.4.

Section 1 Purpose and Application: Definitions

I-2-1.01 Purpose

The purpose of this chapter is to maximize the purchasing value of public funds in procurement, and to provide safeguards for maintaining a procurement system of quality and integrity. (Ord. 23.6 § A (part), 5/20/86)

I-2-1.02 Application

Except as otherwise provided herein, this Chapter applies to contracts for the procurement of supplies and services, entered into by the City. When the procurement involves the expenditure of federal assistance or contract funds, the procurement shall be conducted in accordance with mandatory applicable federal law and regulations. Nothing in this Chapter shall prevent any public agency from complying with the terms and conditions of any grant, gift or bequest that is otherwise consistent with law. (Ord. 23.6 § A (part), 5/20/86)

I-2-1.03 Definitions

(1) Architect-Engineer and Land Surveying Services. Those professional services within the scope of practice of architecture, professional engineering, or land surveying, as defined by the laws of the State.

(2) Brand Name or Equal Specification. A specification limited to one or more items by manufacturers' names or catalogue numbers to describe the standard of quality, performance, and other salient characteristics needed to meet City requirements, and which provides for the submission of equivalent products.

(3) Brand Name Specification. A specification limited to one or more items by manufacturers' names or catalogue numbers.

(4) Business. Any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or any other private legal entity.

(5) City. The City of Milpitas.

(6) Invitation for Bids. All documents, whether attached or incorporated by reference, utilized for soliciting bids.

(7) Person. Any business, individual, union, committee, club, other organization, or group of individuals.

(8) Procurement. The buying, purchasing, renting, leasing, or otherwise acquiring of any supplies or services. It also includes all functions that pertain to the obtaining of any supply or service, including description of requirements, selection, and solicitation of sources, preparation and award of contract, and contract administration.

(9) Services. The furnishing of labor, time, or effort, not involving the delivery of a specific end product other than reports which are merely incidental to the required performance. This term shall not include employment agreements or collective bargaining agreements.

(10) Specification. Any description of the physical or functional characteristics or of the nature of a supply, service, or construction item. It may include a description of any requirement

I-2-4.02 Justification for Acceptance of a High Bid

In cases where the Purchasing Agent makes the purchase and, in the opinion of the Purchasing Agent, the most advantageous bid is not the lowest bid, the Purchasing Agent shall prepare and place on file with the permanent records of the department a written statement of his opinion and the reasons therefor. Such statements shall be open to public inspection at all times during regular office hours. (Ord. 23.6 (A)(part), 5/20/86)

I-2-4.03 Preference Given to Bidder within the City when Bids Are Equal

A bidder with a permanent place of business within the City shall be preferred over a bidder without a permanent place of business within the City, in cases where two or more bids are judged to be equal on the basis of price, quality and service. (Ord. 23.6 (A)(part), 5/20/86)

I-2-4.04 Purchases of \$2,000 or More Must Be in Writing

No award for supplies or services or the disposal of personal property where the total expenditure or value is Two Thousand Dollars (\$2,000.00) or more shall be deemed to be an acceptance of any offer or bids unless and until the same be reduced to writing and signed by the Purchasing Agent or Mayor and dispatched to the vendor or purchaser. (Ord. 23-8 (part), 9/5/95; Ord. 23:6 (A)(part), 5/20/86)

I-2-4.05 Brand Names or Equal Specification

4.05-1 Use. Brand name or equal specifications may be used when the purchasing agent determines that:

- (a) No other design or performance specification or qualified products list is available;
- (b) Time does not permit the preparation of another form of purchase description, not including a brand name specification;
- (c) The nature of the product or the nature of the City's requirements makes use of a brand name or equal specification suitable for the procurement; or

(d) Use of a brand name or equal specification is in the City's best interests.

4.05-2 Designation of Several Brand Names. (a) Brand name or equal specifications shall state that substantially equivalent products to those designated will be considered for award.

(b) Where a brand name or equal specification is used in a solicitation, the solicitation shall contain explanatory language that the use of a brand name is for the purpose of describing the standard of quality, performance and characteristics desired and is not intended to limit or restrict competition. (Ord. 23.6 (A)(part), 5/20/86)

I-2-4.06 Preference Given to Bidder(s) Supplying Recycled Paper and Paper Products

The Purchasing Agent shall provide a preference to the suppliers of recycled paper or paper products as defined in Section 10855 of the Public Contract Code equal to five percent of the lowest bid or price quoted by suppliers offering unrecycled paper or paper products, provided the recycled paper is compatible with City equipment and when fitness and quality are comparable to nonrecycled paper products. (Ord. 23.7, 2/6/90)

Section 5 Procedure**I-2-5.00 Applicability**

The purchase of all supplies and services of the City shall be made pursuant to this Section. (Ord. 23.6 (A)(part), 5/20/86)

I-2-5.01 Purchase of Less Than \$10,000 May Be Informal

Where the amount or value involved is less than Ten Thousand Dollars (\$10,000.00), the purchase or disposal may be made by the Purchasing Agent without written bid, and by informal price checking through telephone or mail inquiry, comparison of prices on file or otherwise. (Ord. 23.6 (A)(part), 5/20/86)

**I-2-5.06 Purchase through a
Governmental Entity**

Purchases may be made on behalf of the City through any governmental entity (including, but not limited to, the State of California or the County of Santa Clara) pursuant to authority granted by any statute or ordinance or pursuant to contractual arrangement between the City and said governmental entity. The City is hereby authorized and empowered to enter into contracts with other governmental entities providing

for purchases to be made on behalf of the City. (Ord. 23.6 § A (part), 5/20/86)

I-2-5.07 Competitive bids (Notice)

Where notice is required, notice shall be given as follows:

5.07-1 For purchases under subsection I-2-5.03 by publishing notice in a newspaper of general circulation within the City on at least one occasion at least five days prior to the date set for the final receipt of bids. Provided that publication may be made in any newspaper of general circulation in Santa Clara County which the Purchasing Agent shall select if the publication schedule of all newspapers of general circulation in the City are such that notice by publication cannot be given in time.

5.07-2 The notice shall give such information as to the proposed purchase or disposal as the Purchasing Agent deems sufficient but shall include the following:

(a) A general description of the supplies or services to be purchased or personal property to be disposed;

(b) Date, time and place of bid opening;

(c) Whether bid deposit or bond and faithful performance bond will be required. (Ord. 23.6 § A (part), 5/20/86)

I-2-5.08 Competitive bids

Where competitive bids are required, they shall be submitted in writing in a sealed envelope at the office of the Purchasing Agent no later than the final time and date for the receipt of bids as set forth in the notice of publication and opened publicly. Where competitive bids are required, the purchase or disposal shall be made on the basis of three or more of said bids unless the Purchasing Agent shall certify in writing that less than three prospective vendors or purchasers have submitted bids or that, to the best of the Agent's knowledge, there are less than three prospective vendors from whom the supplies or services are available and that bids were invited from all of said vendors. Any bid may be with-

drawn by a written request signed by the bidder and received by the Purchasing Agent prior to the final time and date for the receipt of bids. (Ord. 23.6 § A (part), 5/20/86)

5.08-1 Opening. Bids shall be opened in public at the time and place stated in the public notices.

5.08-2 Tabulation. A tabulation of all bids received shall be posted for public inspection. (Ord. 23.6 § A (part), 5/20/86)

I-2-5.09 Bid deposits

When deemed necessary by the Purchasing Agent or City Council, any bidder may be required to submit a bid deposit or bond in an amount determined by the Purchasing Agent or Council. A successful bidder (and his surety, if a bond is furnished) shall be liable for any damages upon the bidder's failure to enter into a contract with the City or upon the bidder's failure to perform his bid. (Ord. 23.6 § A (part), 5/20/86)

I-2-5.10 Faithful performance deposits

When deemed necessary by the Purchasing Agent or City Council, any person entering into a contract with the City may be required to furnish a faithful performance deposit or bond in an amount determined by the Purchasing Agent or Council. Said person (and his surety, if a bond is furnished) shall be liable for any damages upon said person's failure to faithfully perform the terms of his contract. (Ord. 23.6 § A (part), 5/20/86)

I-2-5.11 Additional powers and duties of Purchasing Agent

5.11-1 The Purchasing Agent may call for bids or give notice to any and all persons whatsoever or publish in any case where the same is not required by the terms of this chapter; and is empowered to invite bids by telephone, telegraph or by mail when deemed in the best interests of the City.

5.11-2 The Purchasing Agent shall keep a record of all purchases made and the bids, if any,

(5) The need to evaluate the utilization of a fixed price or cost-type contract,

(6) The need to evaluate whether the market place will respond better to a solicitation permitting a range of alternative proposals or evaluation and discussions of them before entering the contract.

5.13-2 Proposals shall be solicited through a request for proposals.

5.13-3 Notice. For purchases in excess of Ten Thousand Dollars, notice shall be given as required by paragraph 5.07-1 of this subsection.

5.13-4 Receipt of Proposals. No proposals shall be handled so as to permit disclosure of the identity of any offeror or the contents of any proposal to competing offerors during the process of negotiation. A register of proposals shall be prepared containing the name of each offeror and a description sufficient to identify the item offered. The register of proposals shall be open for public inspection only after contract award.

5.13-5 Evaluation Factors. The request for proposals shall state evaluation factors.

5.13-6 Discussion with Responsible Offerors and Revisions to Proposals. As provided in the request for proposals, discussions may be conducted with responsible offerors who submit proposals determined to be reasonably susceptible of being selected for award for the purpose of clarification to assure full understanding of, and conformance to, the solicitation requirements. Offerors shall be accorded equal treatment with respect to any opportunity for discussion and revision of proposals and such revisions may be permitted after submissions and prior to award for the purpose of obtaining best and final offers. In conducting discussions, there shall be no disclosure of the identity of competing offerors or of any information derived from proposals submitted by competing offerors.

5.13-7 Award. Award shall be made to the responsible offeror whose proposal is determined in writing to be the most advantageous to the City, taking into consideration price and the evaluation factors set forth in the request for proposals. No other factors or criteria shall be used in the evaluation.

5.13-8 Rejection. Without limitation to the applicability of any other provisions of this Chapter, the Purchasing Agent or City Council may reject any and all proposals if said rejection is deemed in the best interests of the City. Upon rejection, the Purchasing Agent or Council may request new sealed proposals or utilize any alternative method set forth in this Section 5. (Ord. 23.6 § A (part), 5/20/86)

Section 6 Purchase Orders

I-2-6.01 Preparation of purchase orders

Upon ascertaining the price to be paid for supplies or services, the Purchasing Agent shall prepare a purchase order. The Purchasing Agent shall forward the original purchase order to the vendor, retaining one copy for his purchase order file. He shall likewise forward one copy of the purchase order to the department for whose benefit the purchase is being made to be used as a receiving report. (Ord. 23.6 § A (part), 5/20/86)

I-2-6.02 Sufficient funds must be available

No purchase order shall be issued until it has been ascertained that there is to the credit of the department of the City for whose benefit such purchase is to be made, a sufficient unencumbered appropriated balance in excess of all unpaid obligations to defray the amount of such order. (Ord. 23.6 § A (part), 5/20/86)

Section 7 Receipt of Goods

I-2-7.01 Department head responsible for checking quality

Upon receipt by any department of equipment, supplies or services, the department head or designee, shall be responsible for the making of a careful check of the quality, condition, and quantity received against a copy of the purchase order and the packing list when applicable. (Ord. 23.9 § 1, 7/1/03; Ord. 23.6 § A (part), 5/20/86)

12.01-2 To franchises governed by the provisions of the California Public Utilities Code or other statute of the State of California;

12.01-3 Where State or Federal law requires a different procedure;

12.01-4 To franchises, rights, privileges, licenses and permits granted by the City of Milpitas (including, but not limited to, franchises, rights and privileges granted for refuse disposal under Title V, Chapter 200 of the Milpitas Municipal Code and the Cable Franchise under Title III, Chapter 22 of the Milpitas Municipal Code;

12.01-5 To the purchase of insurance;

12.01-6 To the leasing, purchase or sale of land or any interest therein;

12.01-7 To the hiring of or contracting for personnel (whether as temporary, seasonal or permanent employees, agents or independent contractors);

12.01-8 To construction contracts other than public projects;

12.01-9 To the purchase of utilities, including but not limited to telephone service, gas, electricity or water. (Ord. 23.6 § A (part), 5/20/86)

12.01-10 To the payments of debt service and bond indebtedness; arbitrage compliance; refunds of deposits; pass through of collections on behalf of other governmental agencies; budget approved memberships and dues; authorized Community Development Block Grants (CDBG); memorandum of understanding obligations; budget approved contributions to not for profit organizations; United States Postal Service postage; City Council approved recreation grants; in-state employee travel expenses; and City Council approved CDBG grants. (Ord. 23.9 § 4, 7/1/03)

[Text continues on page 16-2]

Purchasing Threshold Survey

As of 10/4/2005

	PO Required Over	Council Approval Required Over		Informal Bid Threshold Over (min. of 3 quotes)		Formal Bid Threshold Over	
		Commodities	Services	Commodities	Services	Commodities	Services
Milpitas (current)	\$2,000	\$5,000	\$5,000	\$2,000	\$2,000	\$10,000	\$10,000
Milpitas (Proposed)	\$5,000	\$20,000	\$20,000	\$5,000	\$5,000	\$20,000	\$20,000
Redwood City	\$10,000	\$60,000	\$10,000	\$10,000	\$10,000	\$60,000	\$20,000
Livermore	\$5,000	\$100,000	\$100,000	\$5,000	\$5,000	\$50,000	\$50,000
Mountain View	\$3,000	\$40,000	\$40,000	\$3,000	\$3,000	\$40,000	\$40,000
Santa Clara	Issued based on Com type not amount	Not Required	\$50,000	\$15,000	\$15,000	\$100,000	\$50,000
Palo Alto	\$150	\$250,000	\$85,000	\$5,000	\$5,000	\$25,000	\$65,000
Gilroy	\$1,000	\$35,000	\$35,000	\$1,000	\$1,000	\$35,000	\$35,000